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TRANS MOUNTAIN OIL PIPE LINE COMPANY



TRANS MOUNTAIN OIL PIPE LINE COMPANY  
ANNUAL REPORT 1967

## 1967 HIGHLIGHTS

<b>FINANCIAL</b>	<b>1967</b>	<b>1968</b>	<b>Increase from 1966</b>
Revenue.....	\$ 40,434,839	\$ 35,825,066	12.8%
Expense.....	14,911,996	14,388,616	3.6%
Earnings (after income taxes).....	12,932,843	10,456,450	23.6%
Per share.....	1.71	1.39	
Dividends			
Per share.....	1.00+.25	1.00+.10	13.6%
Long term debt.....	46,953,353	53,203,834	
Capital expenditures.....	1,408,884	4,188,970	
Fixed assets at cost.....	149,441,319	148,834,714	
<b>OIL MOVEMENTS</b>			
Deliveries (barrels per day).....	287,122*	250,860*	14.4%
Barrel miles (millions).....	64,683	57,440	12.6%

\*Including Propane.

## TRANS MOUNTAIN OIL PIPE LINE COMPANY

~~MAR 18 1968~~

MAR 18 1968

~~MAR 6 1968~~**DIRECTORS**

R. L. Bridges	<i>Partner,</i> THELEN, MARRIN, JOHNSON & BRIDGES
R. M. Brink	<i>Chairman of the Board and President,</i> JOHNSTON TERMINALS & STORAGE LTD.
L. D. Fraser	<i>Vice-President and Director,</i> IMPERIAL OIL LIMITED
J. W. Hamilton	<i>Director,</i> IMPERIAL OIL LIMITED
E. C. Hurd	<i>President,</i> TRANS MOUNTAIN OIL PIPE LINE COMPANY
G. B. McLean	<i>President and Managing Director,</i> STANDARD OIL COMPANY OF BRITISH COLUMBIA LIMITED
J. W. Morgan	<i>Vice-President,</i> THE BRITISH AMERICAN OIL COMPANY LIMITED
L. M. Ream, Jr.	<i>Executive Vice-President and Director,</i> ATLANTIC RICHFIELD COMPANY
R. P. Ritchie	<i>Vice-President and Director,</i> SHELL CANADA LIMITED

**SEVENTEENTH ANNUAL REPORT 1967****OFFICERS**

E. C. Hurd	<i>President</i>
J. H. McQuarrie	<i>Secretary</i>
K. M. Leask	<i>Treasurer</i>

**HEAD OFFICE**

400 East Broadway, Vancouver 10, British Columbia, Canada

**TRANSFER AGENT AND REGISTRAR**National Trust Company, Limited  
Vancouver, Calgary, Edmonton,  
Winnipeg, Toronto and Montreal

*Thompson River —  
just downstream of where our  
pipe line crosses underneath  
the river near Kamloops.*

## REPORT OF THE DIRECTORS

### TO THE SHAREHOLDERS:

At the time of your company's annual meeting in April 1967 we predicted for 1967 a volume of business and earnings about the same as in 1966. However, the Arab-Israeli conflict which broke out in early June 1967 resulted in the closing of the Suez Canal and serious interference with a number of major crude oil producing operations in the Middle East. In some cases production was cut off completely for a limited time. A substantial part of the world's tanker fleets had to be rescheduled over longer routes. Tankers came to be in short supply and new sources of crude oil were sought that would require less tanker time. As a result we were called on to transport, during the last half of 1967, some 5,077,000 barrels of crude oil for delivery by ship to California, a relatively small portion being loaded at our Westridge dock and the balance by trans-shipment from connected refineries in Washington. It is important to note that the Trans Mountain system, by making the most efficient use of its facilities, was able to meet all of these extraordinary demands thus demonstrating the importance of the system as a secure source of supply of crude oil for refineries on the West Coast of the United States.

The average deliveries for the first quarter of 1968 are now expected to be about the same as in the first quarter of 1967 and slightly higher than in the same period of 1966. The indicated average for 1968 is substantially less than in 1967 and somewhat lower than in 1966, because of the increase in the supply of crude oil produced on the West Coast of the United States.

### FINANCIAL

Consolidated earnings for the year after provision for income taxes were \$12,933,000 (\$1.71 per share) compared with \$10,456,000 (\$1.39 per share) in 1966.

Quarterly dividends of 25¢ per share were paid together with an extra dividend of 25¢ per share for a total of \$1.25 per share paid in 1967. The large extra dividend was the direct result of revenue derived from the additional volume of crude oil shipped through the company's system because of the Middle East crisis.

Operating revenue, including \$784,000 interest on investments was \$40,435,000, an increase of \$4,610,000 or 12.8% over 1966. The higher income was, as already stated, caused by the abnormal increase in deliveries and the consequent higher cash flow, together with higher interest rates on short term investments and after reducing the tariff rate effective October 1 1967 on oil received at Kamloops.

Operating expenses increased by 21.3% due to the extra power and fuel requirements to meet the increase in throughput demand together with the continuing rise in costs of materials, wages and corresponding benefits.

Taxes, excluding income taxes, amounted to \$1,626,000 an increase of 19.5% due principally to the effect of increased oil movements during 1966, the full year's operation of Westridge Propane Terminal and the continued increase in assessments and mill rates at all locations.

Capital additions to the pipe line system amounted to \$1,409,000 and capital expenditures for 1968 are expected to approximate \$3,000,000. During the year there were purchased on the open market both Canadian and United States pay bonds amounting to \$3,976,000 for current and future sinking fund obligations at gains in the amount of \$104,000. Of these, the United States issue bonds caused an exchange deficit of \$275,000 owing to the difference in exchange rates at the time of financing and repurchasing. A net loss of \$171,000 has thus resulted from the debt retirement. Details of the various issues of Trans Mountain bonds are shown in "Notes to Financial Statements".



## THROUGHPUT

In 1967 total deliveries were 102,600,000 barrels of crude oil, including natural gas liquids, an average of 281,000 barrels per day and propane, through Westridge Terminal, of 2,226,000 barrels or 6,100 barrels daily. Daily average deliveries to the Vancouver refinery area increased by 4.7% and there was an increase of 14.6% to the Puget Sound area. The distribution of these deliveries by destination and calendar quarters is listed in the following tables.

<b>DELIVERIES BY DESTINATIONS</b>	<b>1967</b>		<b>1966</b>		<b>1965</b>	
	Barrels per day	%	Barrels per day	%	Barrels per day	%
Vancouver refineries.....	87,124	30.3	82,362	32.8	70,645	32.3
Washington refineries.....	192,304	67.0	167,758	66.9	147,816	67.7
Westridge tankers (propane).....	6,099	2.1	740	.3	—	—
Westridge tankers (crude).....	1,595	.6	—	—	—	—
	287,122	100.0	250,860	100.0	218,461	100.0

Natural gas liquids, in the form of condensate and butane, represented approximately 6.7% of the total volume transported. In 1966, these accounted for about 8.3% of the volume.

<b>DELIVERIES BY CALENDAR QUARTERS</b>	<b>Barrels per day</b>		
	<b>1967</b>	<b>1966</b>	<b>1965</b>
Petroleum			
First Quarter.....	249,207	241,208	227,881
Second Quarter.....	274,581	249,107	213,101
Third Quarter.....	320,120	249,209	230,570
Fourth Quarter.....	279,421	260,752	202,439
Propane			
First Quarter.....	8,979	—	—
Second Quarter.....	2,966	—	—
Third Quarter.....	5,856	—	—
Fourth Quarter.....	6,624	740	—

Estimated deliveries for the first quarter of 1968 are — petroleum 255,800 and propane and butane 6,500 barrels per day.

<b>SUMMARY OF OIL RECEIVED</b>	<b>Barrels per day</b>		
	<b>1967</b>	<b>1966</b>	<b>1965</b>
Petroleum			
Edmonton.....	212,385	187,336	174,176
Edson.....	27,895	26,634	16,966
Kamloops.....	41,465	36,503	28,704
	281,745	250,473	219,846
Propane			
Westridge.....	5,888	1,721	—

The following additional statistics are given for comparative purposes

	<b>1967</b>	<b>1966</b>	<b>1965</b>
Barrel miles (millions).....	64,683	57,440	51,346
Average length of haul (miles).....	631	629	644

In order to meet the heavy pumping demands during the last half of 1967 it was necessary to operate all pumping units at full capacity, at times in excess of 325,000 B/D. To secure this capability on a continuing basis the capacity of the system was increased by 20,000 B/D by the addition of pumping units at Red Pass, Kamloops, Kingsvale and Burlington.

Because of the heavy pumping load it was not possible to carry out the 1967 program of retesting further sections of the main line. This is now scheduled for 1968.

## GENERAL

A wholly owned subsidiary, Trans Mountain Enterprises of British Columbia Limited, was formed under the Companies Act of British Columbia. As the name is intended to indicate its objects are broad and include the power to own and operate pipe lines within British Columbia.

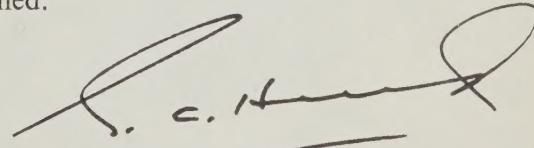
The first project, which has been granted approval under the Pipe-lines Act of British Columbia, is the

*Jasper Pump Station — located just outside of Jasper Town at mile 230 of our main line — this station is equipped with 4 — 2,000 H.P. dual fuel diesel engines.*

construction of a six inch pipe line for the transportation of jet fuels from the four refineries in the Greater Vancouver area to the Vancouver International Airport terminal now under construction and the construction, at the airport, of a plant for the loading of the fuels into trucks for refuelling aircraft. Although the detailed design is not complete it is expected the project will cost in excess of \$2,000,000.

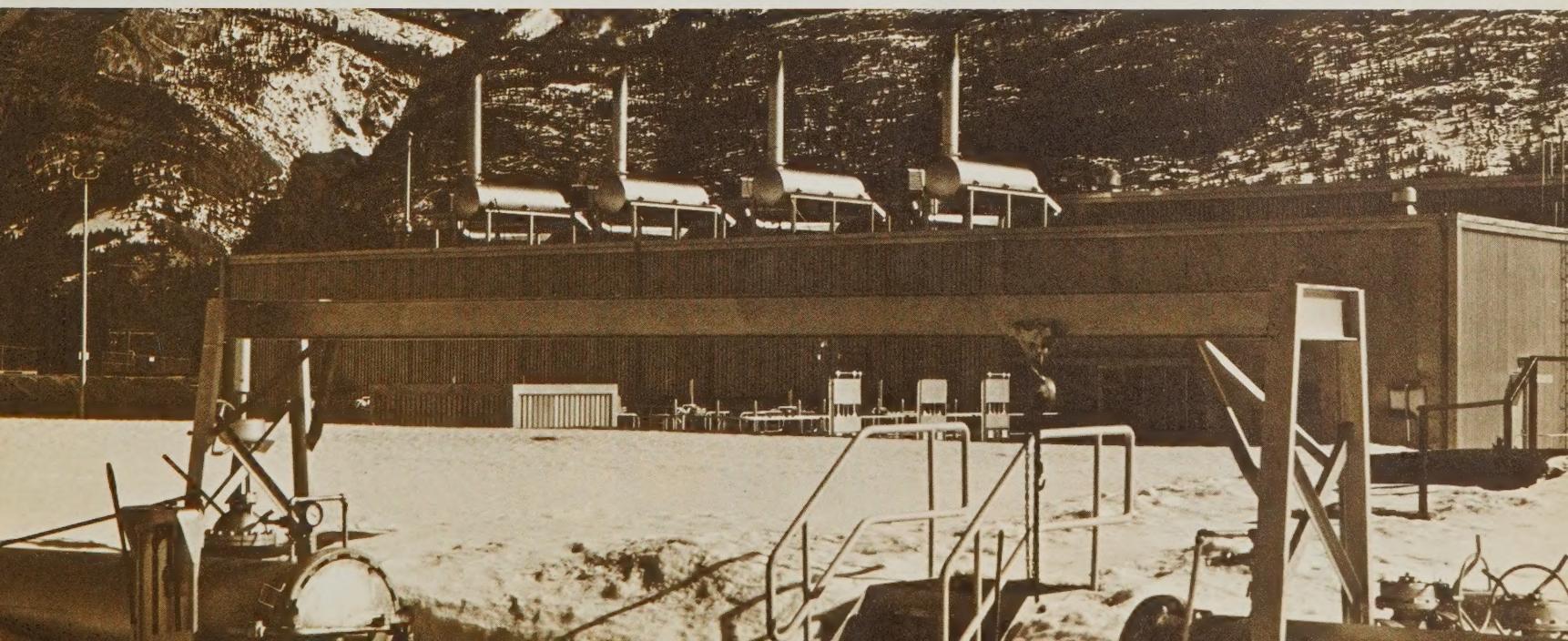
Mr. Harold S. Foley, of Vancouver, who had been a director since 1961, resigned in February 1967, and was succeeded by Mr. R. Murray Brink, Chairman of the Board and President of Johnston Terminals & Storage Ltd., Vancouver. We acknowledge the great assistance given by Mr. Foley to the company during his membership on our Board.

Management takes this opportunity to express its thanks to all employees for their continued cooperation and loyalty and in particular for their extra efforts without which the high pumping rates could not have been maintained.



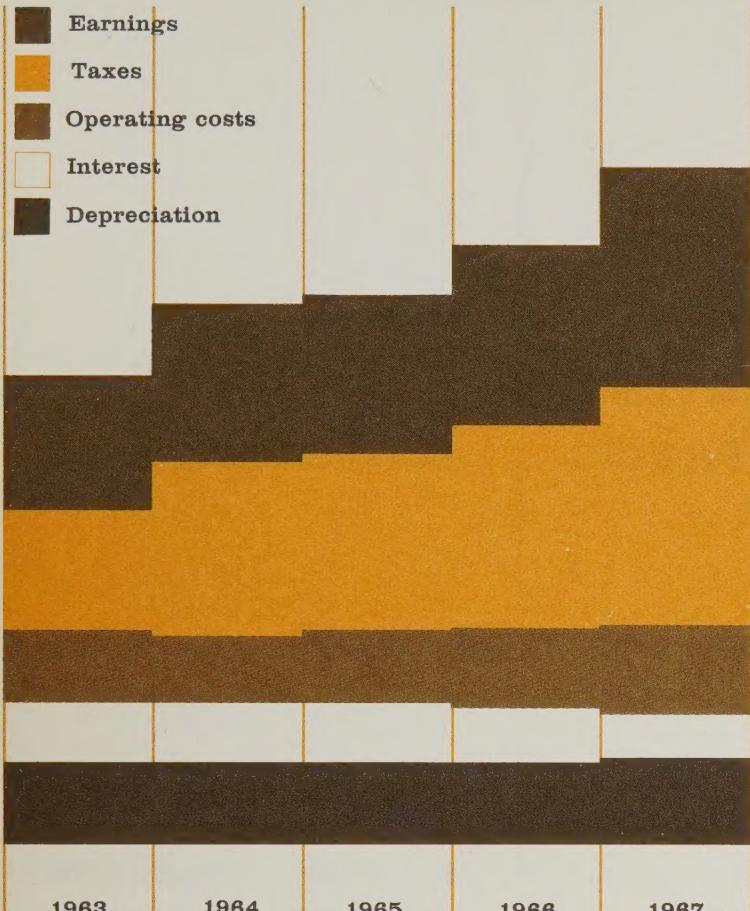
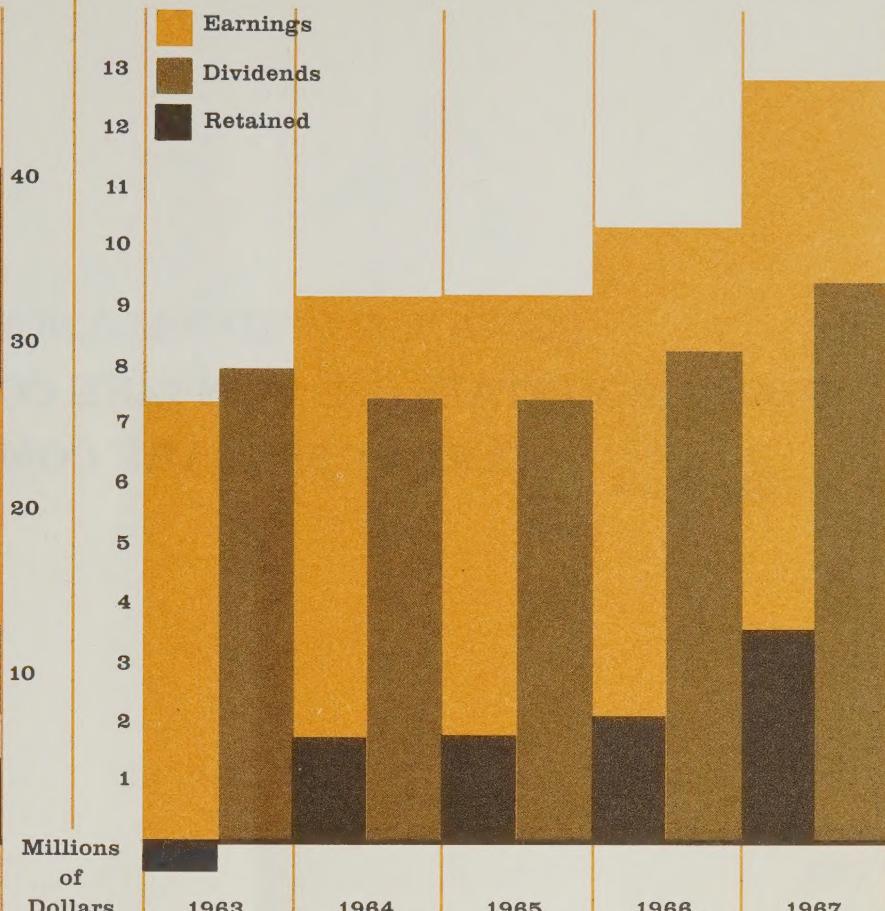
Vancouver, B.C.  
February 16 1968

PRESIDENT



*Little Hell's Gate —  
on North Thompson River —  
type of terrain which  
our pipe line traverses in the  
transportation of petroleum  
from Edmonton to Vancouver  
and Puget Sound refineries.*



**USE OF REVENUE (Including Investments)****EARNINGS, DIVIDENDS & RETAINED EARNINGS****CONSOLIDATED STATEMENT OF SOURCE AND DISPOSITION OF WORKING CAPITAL**

*for the year ended December 31 1967  
(with comparable amounts for the year ended December 31 1966)  
(stated in Canadian currency)*

**SOURCE:**

From operations—

	1967	1966
Earnings for the year	\$12,932,843	\$10,456,450
<i>Add —</i>		
Non-cash charges and (credits) to earnings:		
Depreciation	5,208,268	5,047,864
(Profit) loss on retirement of fixed assets	(10,382)	333,342
Provision for income taxes not payable currently	—	19,529
	<u>18,130,729</u>	<u>15,857,185</u>
Proceeds from sale of fixed assets	132,344	447,471
Decrease in other assets and deferred charges	116,774	—
	<u>18,379,847</u>	<u>16,304,656</u>

**DISPOSITION:**

Additions to fixed assets	1,408,884	4,188,970
Increase in other assets and deferred charges	—	474,291
Previously deferred income taxes now current (Note 3)	397,895	—
Reduction in long term debt —		
Housing mortgages	—	242,079
Bonds — face value 1967 — \$6,318,000; 1966 — \$6,784,000	6,250,481	6,650,099
Dividends paid	9,418,300	8,288,104
	<u>17,475,560</u>	<u>19,843,543</u>
INCREASE (DECREASE) IN WORKING CAPITAL	904,287	(3,538,887)
WORKING CAPITAL AT BEGINNING OF YEAR	6,782,950	10,321,837
WORKING CAPITAL AT END OF YEAR	<u>\$ 7,687,237</u>	<u>\$ 6,782,950</u>

**CONSOLIDATED BALANCE SHEET**  
**TRANS MOUNTAIN OIL PIPE LINE COMPANY**  
**AND SUBSIDIARY COMPANIES**

*as at December 31 1967  
 (with comparable amounts  
 as at December 31 1966)  
 (stated in Canadian currency)*

	ASSETS	1967	1966
<b>CURRENT ASSETS:</b>			
Cash.....	\$ 305,104	\$ 368,333	
Short term commercial notes and time deposits.....	6,800,000	2,095,619	
Government securities at cost (market value — \$5,087,000).....	5,118,760	8,314,079	
Accounts receivable.....	3,330,001	3,274,180	
Special refundable tax — current.....	206,732	—	
Inventory of supplies, at or below cost.....	960,946	754,184	
Prepaid insurance and rentals.....	135,540	241,004	
	16,857,083	15,047,399	
<b>OTHER ASSETS AND DEFERRED CHARGES:</b>			
Unamortized expense, less premium, on first mortgage bonds.....	25,434	26,232	
Deposits, mortgages and other deferred charges.....	480,039	590,426	
Deposits with bondholders' trustee.....	210,982	193,126	
Special refundable tax — deferred.....	289,558	313,003	
	1,006,013	1,122,787	
<b>FIXED ASSETS (Note 2):</b>			
Pipe line system, at cost.....	149,441,319	148,834,714	
<i>Less —</i>			
Accumulated depreciation.....	62,451,538	57,923,587	
	86,989,781	90,911,127	
	\$104,852,877	\$107,081,313	

Signed on behalf of the Board:

*E. C. Hurd, DIRECTOR; R. Murray Brink, DIRECTOR.*



### LIABILITIES

**1967**

**1968**

#### CURRENT LIABILITIES:

Accounts payable.....	\$ 452,072	\$ 496,186
Estimated income taxes payable.....	5,584,223	4,549,168
Accrued interest on long term debt.....	579,105	651,934
Current portion of long term debt (Note 6).....	2,554,446	2,567,161
	9,169,846	8,264,449
LONG TERM DEBT, partly payable in United States dollars (Note 6).....	46,953,353	53,203,834
DEFERRED INCOME TAXES (Note 3).....	11,370,740	11,768,635
	67,493,939	73,236,918

### SHAREHOLDERS' EQUITY

#### CAPITAL STOCK:

Authorized —

25,000,000 shares without nominal or par value

Issued —

7,534,640 shares.....	15,128,542	15,128,542
RETAINED EARNINGS, per statement attached (Note 4).....	22,230,396	18,715,853
	37,358,938	33,844,395
	\$104,852,877	\$107,081,313

**TRANS MOUNTAIN OIL PIPE LINE COMPANY  
AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS  
AND RETAINED EARNINGS**

*for the year ended  
December 31 1967  
(with comparable amounts for the  
year ended December 31 1966)  
(stated in Canadian currency)*

	<b>EARNINGS</b>	<b>1967</b>	<b>1966</b>
Income:			
Operating revenue.....	\$39,586,914	\$35,048,736	
Income from investments.....	783,536	697,318	
Sundry income.....	64,389	79,012	
	<u>40,434,839</u>	<u>35,825,066</u>	
Charges:			
Operating expenses, other than those stated below.....	5,445,536	4,488,618	
Taxes, other than income taxes.....	1,625,692	1,360,662	
Provision for depreciation.....	5,208,268	5,047,864	
(Profit) loss on retirement of fixed assets.....	(10,382)	333,342	
Interest on long term debt.....	2,472,245	2,827,134	
Loss on retirement of long term debt (net).....	170,637	330,996	
	<u>14,911,996</u>	<u>14,388,616</u>	
Earnings before income taxes.....	25,522,843	21,436,450	
Provision for income taxes (Note 3).....	12,590,000	10,980,000	
Earnings for the year.....	<u>\$12,932,843</u>	<u>\$10,456,450</u>	
	<b>RETAINED EARNINGS</b>	<b>1967</b>	<b>1966</b>
Retained earnings at beginning of year.....	\$18,715,853	\$16,547,507	
Earnings for the year.....	<u>12,932,843</u>	<u>10,456,450</u>	
Dividends.....	31,648,696	27,003,957	
Retained earnings at end of year (Note 4).....	<u>9,418,000</u>	<u>8,288,104</u>	
	<u>\$22,230,696</u>	<u>\$18,715,853</u>	

## NOTES TO FINANCIAL STATEMENTS

### 1. CONSOLIDATION AND FOREIGN EXCHANGE:

These consolidated financial statements include the accounts of Trans Mountain Oil Pipe Line Company and its wholly-owned subsidiaries, Trans Mountain Enterprises of British Columbia Limited, Trans Mountain Housing Limited and Alpac Construction & Surveys Limited in Canada and Trans Mountain Oil Pipe Line Corporation in the United States.

The accounts of Trans Mountain Oil Pipe Line Corporation, the United States subsidiary company which owns and operates the pipe line in the State of Washington, and United States dollar balances of Trans Mountain Oil Pipe Line Company have been expressed in Canadian dollars on the following bases:—

Current assets and liabilities, at the rate of exchange on December 31 1967;

Fixed assets, long term debt and deferred income taxes, at historical rates of exchange;

Accumulated depreciation, on the basis of the equivalent Canadian dollar cost of the related fixed assets;

Income and expenses, except depreciation and amortization of expense less premium on first mortgage bonds, at month-end rates of exchange.

### 2. FIXED ASSETS:

Fixed assets, at cost, comprise —

	1967	1968		
	Cost	Accumulated depreciation	Net book value	Net book value
Land.....	\$ 547,353	\$ —	\$ 547,353	\$ 553,272
Rights of way.....	602,362	249,809	352,553	369,960
Crude oil pipe line .....	103,987,689	42,081,865	61,905,824	64,650,635
Pumping equipment.....	16,932,821	11,158,993	5,773,828	6,627,318
Buildings and tanks .....	19,942,527	7,123,929	12,818,598	13,409,645
Incomplete construction.....	667,425	—	667,425	143,896
Expenditures made for indefinite future expansion of the system.....	6,761,142	1,836,942	4,924,200	5,156,401
	<u>\$149,441,319</u>	<u>\$62,451,538</u>	<u>\$86,989,781</u>	<u>\$90,911,127</u>

Depreciation has been provided on the basis of service life according to class of asset. The average rate on depreciable assets was 3.531% in 1967 and 3.425% in 1966.

### 3. DEFERRED INCOME TAXES:

The companies claim maximum capital cost allowances for income tax purposes; such allowances have cumulatively exceeded the depreciation recorded in the accounts, resulting in the deferment of income taxes. For 1967 the allowances claimable are less than the depreciation provided, and the estimated income taxes payable for the year exceed the provision of \$12,590,000 by \$397,895, which amount, representing deferrals that have now become current, has been charged against the balance of deferred income taxes.

### 4. RETAINED EARNINGS:

The Deed of Mortgage and Trust securing the company's first mortgage and collateral trust sinking fund bonds places certain restrictions on the payment of dividends. Retained earnings free of these restrictions amounted to approximately \$15,500,000 at December 31 1967 (1966 — \$11,600,000). Dividend payments may not reduce consolidated net current assets below \$1,000,000.

### 5. REMUNERATION OF DIRECTORS:

The total amount deducted in the consolidated statement of earnings in respect of remuneration of directors and senior officers was \$134,112 for 1967 (1966 — \$122,022). Of this amount, \$48,378 (1966 — \$42,580) represents remuneration of directors, including a salaried director (the president).

### 6. LONG TERM DEBT:

First mortgage and collateral trust sinking fund bonds of \$46,953,353 at December 31 1967 comprise bonds of Trans Mountain Oil Pipe Line Company, authorized with no fixed limitation, issued and outstanding as follows:

All bonds due April 1 1972

	Series A 4 1/8% Canadian Dollars	Series B 4% United States Dollars	Series C 4% United States Dollars	Series D 5 1/2% Canadian Dollars	Series E 5% United States Dollars
Originally issued	\$30,000,000	35,000,000	6,000,000	15,000,000	15,000,000
Redeemed to December 31 1967	15,000,000	15,000,000	2,557,000	5,589,000	5,589,000
	15,000,000	20,000,000	3,443,000	9,411,000	9,411,000
<i>Less —</i>					
Bonds acquired for future sinking fund redemptions.....	2,967,000	—	—	2,952,000	1,200,000
Sinking fund payments due within one year (Canadian \$2,554,446). .....	—	2,000,000	342,000	—	—
Amounts due after 1968.....	\$12,033,000	18,000,000	3,101,000	6,459,000	8,211,000
Amounts due after 1968 in terms of Canadian dollars at the rates of exchange prevailing when the debts were incurred —					
Total.....	<u>\$46,953,353</u>	<u>\$12,033,000</u>	<u>17,592,429</u>	<u>2,991,496</u>	<u>6,459,000</u>
Bond sinking fund requirements and payments to be made at maturity, reduced by bonds acquired as shown above, are as follows:—					
1968.....	\$ —	2,000,000	342,000	—	—
1969.....	1,033,000	2,000,000	342,000	—	668,000
1970.....	2,500,000	2,500,000	428,000	86,000	1,170,000
1971.....	2,500,000	2,500,000	428,000	1,170,000	1,170,000
1972 (balance of principal maturing April 1 1972)	6,000,000	11,000,000	1,903,000	5,203,000	5,203,000
	<u>\$12,033,000</u>	<u>20,000,000</u>	<u>3,443,000</u>	<u>6,459,000</u>	<u>8,211,000</u>

Bond sinking fund requirements and payments to be made at maturity, reduced by bonds acquired as shown above, are as follows:—

1968.....	\$ —	2,000,000	342,000	—	—
1969.....	1,033,000	2,000,000	342,000	—	668,000
1970.....	2,500,000	2,500,000	428,000	86,000	1,170,000
1971.....	2,500,000	2,500,000	428,000	1,170,000	1,170,000
1972 (balance of principal maturing April 1 1972)	6,000,000	11,000,000	1,903,000	5,203,000	5,203,000



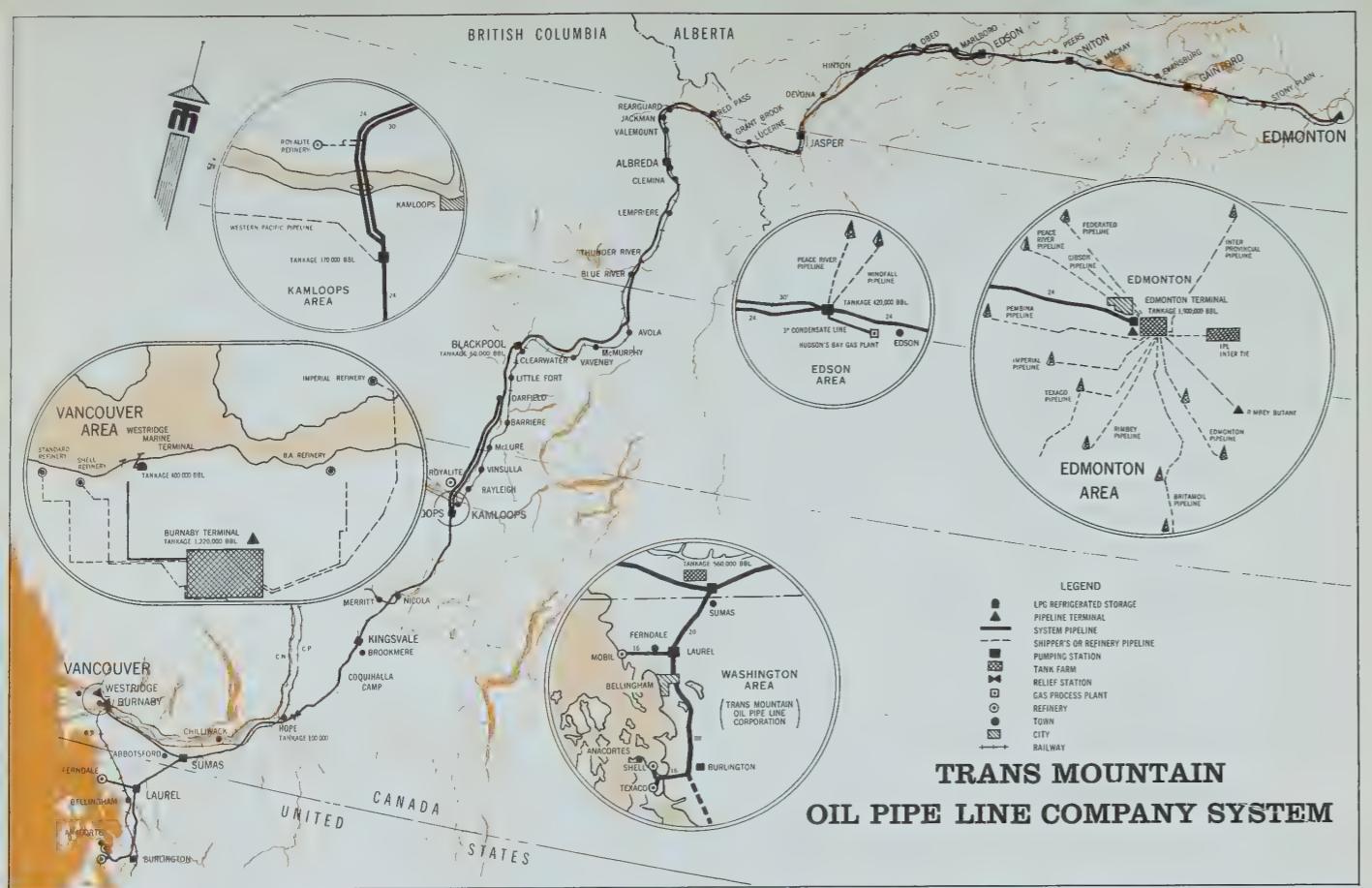
**TRANS MOUNTAIN  
OIL PIPE LINE COMPANY  
AND SUBSIDIARY COMPANIES  
TEN YEAR SUMMARY**

## AUDITORS' REPORT

To the Shareholders of  
Trans Mountain Oil Pipe Line Company:

We have examined the consolidated balance sheet of Trans Mountain Oil Pipe Line Company and its subsidiary companies as at December 31 1967 and the consolidated statements of earnings, retained earnings, and source and disposition of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31 1967 and the results of their operations and the source and disposition of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



**TRANS MOUNTAIN  
OIL PIPE LINE COMPANY SYSTEM**  
FEBRUARY, 1968

**CAPACITIES BY SEGMENTS OF SYSTEM**

EDMONTON-EDSON	310 MBD
EDSON-KAMLOOPS	285 MBD
KAMLOOPS-SUMAS	335 MBD
SUMAS-FERNDALE	220 MBD
SUMAS-ANACORTES	235 MBD
SUMAS-BURNABY	335 MBD

**AR09**

*Interim REPORT*

*of*

Trans Mountain  
Oil Pipe Line Company



*for six months ended June 30, 1967*



## To the Shareholders

Trans Mountain Oil Pipe Line Company

Estimated consolidated net profits for the six months ended June 30, 1967 totalled \$5,975,000, or 79.3¢ per share outstanding. Corresponding results for the first half of 1966 were \$5,202,000, or 69.0¢ per share.

Daily deliveries during the period averaged 261,964 barrels of petroleum and 5,956 barrels of propane to tankers for Japan. The petroleum deliveries were made 67% to refineries in the State of Washington and 33% to refineries in British Columbia. These deliveries compared with 245,180 barrels daily, 68% and 32% respectively, in the first half of 1966.

At the annual meeting of shareholders held April 5, 1967 I reported that the forecast for the year 1967 indicated that the earnings would be at about the same level as 1966. However, shortly after the outbreak of hostilities in the Middle East in early June, our throughput has risen to where in June we delivered 295,098 barrels of petroleum per day, the highest ever through our pipe line system. Present forecasts for the balance of the year indicate 1967 total earnings higher than in 1966.

All the transportation requests are being satisfied. In order to ensure our ability to continue to meet these demands we are proceeding with the installation of additional pumping units at several locations on the pipe line. At a cost of about \$600,000 this will provide an additional capacity of 20,000 barrels per day in about three months time.

Vancouver, B.C.  
July 31, 1967.

E. C. HURD,  
President.

## Financial Summary

	<i>First Half Year</i>	
	<b>1967</b>	<b>1966</b>

Average daily oil deliveries in barrels.. 267,920\* 245,180

### INCOME:

Operating revenue....	\$ 18,275,000	\$ 17,285,000
Income from investments.....	366,000	352,000
	<u>\$18,641,000</u>	<u>\$17,637,000</u>

### CHARGES:

Operating expense....	\$ 2,231,000	\$ 2,120,000
Taxes other than income taxes.....	817,000	695,000
Interest on bonds and mortgages.....	1,266,000	1,461,000
Provision for depreciation.....	2,604,000	2,526,000
Loss on retirement of Company bonds....	106,000	250,000
	<u>\$ 7,024,000</u>	<u>\$ 7,052,000</u>
Profit before income taxes .....	\$ 11,617,000	\$ 10,585,000
Provision for income taxes.....	5,642,000	5,383,000
Profit after income taxes.....	<u>\$ 5,975,000</u>	<u>\$ 5,202,000</u>
Profit per share.....	79.3 cents	69.0 cents

### AVERAGE OIL DELIVERIES IN BARRELS:

	<b>1967</b>	<b>1966</b>
First Quarter.....	258,187*	241,208
Second Quarter.....	277,547*	249,108
Third Quarter.....	—	249,209
Fourth Quarter.....	—	261,492*

\*Includes propane delivered out of our Westridge Terminal.

*Consolidated Statement of Source and  
Disposition of Working Capital*

*for the six months ended June 30, 1967*

*(with comparable amounts for the half year ended  
June 30, 1966)*

*(stated in Canadian Currency)*

	<b>1967</b>	<b>1966</b>
<b>SOURCE:</b>		
Earnings for the first six months.....	\$ 5,975,000	\$ 5,202,000
Charges for depreciation....	2,604,000	2,526,000
Proceeds from sale of fixed assets.....	127,000	15,000
	<u>\$ 8,706,000</u>	<u>\$ 7,743,000</u>

**DISPOSITION:**

Increase in other assets and deferred charges.....	\$ 196,000	\$ 10,000
Additions to fixed assets....	241,000	2,876,000
Application of income tax reductions of prior years.....	325,000	48,000
Reduction in long term debt —		
Housing mortgages....	—	242,000
Bonds — face value, 1967 — \$3,080,000; 1966 — \$2,211,000..	3,041,000	2,179,000
Dividends paid.....	3,767,000	3,767,000
	<u>\$ 7,570,000</u>	<u>\$ 9,122,000</u>

**INCREASE IN  
WORKING CAPITAL**

**(DECREASE in 1966).....** \$ 1,136,000 \$(1,379,000)

<b>WORKING CAPITAL at beginning of period.....</b>	<b>6,783,000</b>	<b>10,321,000</b>
<b>WORKING CAPITAL at end of period.....</b>	<b>\$ 7,919,000</b>	<b>\$ 8,942,000</b>

*The amounts stated herein are subject to independent audit  
and adjustment of certain items ordinarily calculated on an  
annual basis.*

MAR 18 1968

# TRANS MOUNTAIN OIL PIPE LINE COMPANY

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

APRIL 3, 1968

Notice is hereby given that the Annual Meeting of shareholders of Trans Mountain Oil Pipe Line Company (hereinafter called the "Company") will be held in the Social Suite of the Hotel Vancouver, 900 West Georgia Street, Vancouver, British Columbia, Canada, on Wednesday, the 3rd day of April, 1968, at 10:30 o'clock in the forenoon for the following purposes:

- (a) to receive the financial statements of the Company for the past fiscal year;
- (b) to elect directors;
- (c) to appoint auditors; and
- (d) to transact such further and other business as may properly be brought before the meeting.

The Board of Directors has fixed Friday, the 22nd day of March, 1968 as the record date for the determination of shareholders entitled to notice of and to vote at said Annual Meeting of shareholders, or any adjournments thereof, and only shareholders of record at the close of business on the date so fixed shall be entitled to notice of and to vote at such meeting or adjournments thereof.

If you cannot be personally present, please sign and return the accompanying instrument of proxy to National Trust Company, Limited, 510 Burrard Street, Vancouver 1, British Columbia, Canada in the enclosed envelope.

The person appointed to act as proxy must himself be a shareholder of the Company except in the case where he acts as proxy for a corporation, in which event he may but need not be a shareholder. If the appointor is a corporation, the instrument appointing a proxy should be signed by the duly authorized officers of the corporation, but need not be under the corporate seal.

Dated at Vancouver, British Columbia, the 14th day of March, 1968.

BY ORDER OF THE BOARD OF DIRECTORS,

J. H. McQUARRIE, Secretary.

## INFORMATION CIRCULAR

### Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation by the management of Trans Mountain Oil Pipe Line Company (the "Company") of proxies to be used at the annual meeting of shareholders of the Company to be held at the time and place and for the purposes set forth in the enclosed notice of meeting. It is expected that the solicitation will be primarily by mail. The cost of solicitation by management will be borne by the Company.

### Appointment and Revocation of Proxies

Each of the persons named in the enclosed form of proxy is a director or senior officer of the Company. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING MAY DO SO EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY, OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND, IN EITHER CASE, DEPOSITING THE COMPLETED PROXY WITH THE SECRETARY OF THE COMPANY OR WITH ITS TRANSFER AGENT, NATIONAL TRUST COMPANY, LIMITED, 510 BURRARD STREET, VANCOUVER 1, B.C., CANADA.**

A shareholder who has given a proxy may revoke it either (a) by signing a proxy bearing a later date and depositing it with the Secretary of the Company or with its transfer agent, National Trust Company, Limited, 510 Burrard Street, Vancouver 1, B.C., Canada, or (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy by signing written notice of revocation and delivering it to the Secretary of the Company or the Chairman of the meeting.

A proxy shall not be revoked merely because the shareholder signing it attends or attends and votes at the meeting in person; provided, however, that if a shareholder who has signed a proxy votes on a particular resolution at a meeting, then in respect of such resolution, any votes cast by him personally shall be counted and any votes cast under the proxy signed by him shall be disregarded.

### Exercise of Discretion by Proxies

On any poll, the persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed and, where a choice has been specified by the shareholder, will do so in accordance with the direction of the shareholder appointing them. **IN THE ABSENCE OF ANY DIRECTION TO THE CONTRARY, IT IS INTENDED THAT SUCH SHARES WILL BE VOTED, ON ANY POLL FOR THE ELECTION OF DIRECTORS AND THE APPOINTMENT OF AUDITORS AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to matters not specifically mentioned in the notice of meeting but which may properly come before the meeting. At the time of printing this circular the management of the Company knows of no such matters to come before the meeting other than the matters referred to in the notice of meeting and routine matters incidental to the conduct of the meeting.

In the event that any further or other business is properly brought before the meeting, it is intended to vote on such other business in such manner as the person appointed as proxy then considers to be proper.

### Voting Shares

On 16th February, 1968 the Company had outstanding 7,534,640 shares without nominal or par value, each carrying the right to one vote. The directors and senior officers of the Company do not know of any person or company beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Company.

The directors have fixed 22nd March, 1968 as the record date for the determination of the persons entitled to receive notice of and to attend and vote at the meeting.

#### Election of Directors

The board consists of nine (9) directors to be elected annually. **THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE ELECTION OF THE NOMINEES WHOSE NAMES ARE SET FORTH BELOW, ALL OF WHOM ARE NOW MEMBERS OF THE BOARD OF DIRECTORS AND HAVE BEEN SINCE THE DATES INDICATED.** The management does not contemplate that any of the nominees will be unable to serve as a director, but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next annual meeting of shareholders, unless his office is earlier vacated in accordance with the by-laws of the Company or until his successor is elected or appointed.

The following table and the notes thereto state the names of all the persons proposed to be nominated for election as directors, all other positions and offices with the Company now held by them, their principal occupations or employments, the name and principal business of each company or other organization in which such employment is carried on, the year in which they became directors of the Company and the approximate number of shares of the Company beneficially owned, directly or indirectly by each of them, as of the date of this circular.

NAME	BECAME DIRECTOR	SHARES
ROBERT L. BRIDGES of San Francisco, California is a Partner in the law firm of Thelen, Marrin, Johnson & Bridges.	April 12th, 1951	25,010
R. MURRAY BRINK of Vancouver, British Columbia is Chairman of the Board and President of Johnston Terminals & Storage Ltd., whose principal business is a moving and storage company of Vancouver, B.C.	Feb. 15th, 1967	100
L. DONALD FRASER of Toronto, Ontario is Vice President and a Director of Imperial Oil Limited, whose principal business is an integrated oil company.	Feb. 3rd, 1959	10
JOHN W. HAMILTON, Q.C. of Toronto, Ontario is a Director of Imperial Oil Limited, whose principal business is an integrated oil company.	May 17th, 1951	510
E. CECIL HURD of Vancouver, British Columbia is President of Trans Mountain Oil Pipe Line Company.	Oct. 25th, 1960	678
GEORGE B. MCLEAN of Vancouver, British Columbia is President and Managing Director of Standard Oil Company of British Columbia Limited, whose principal business is an integrated oil company, which office he has held since December, 1963. From June, 1960 until July, 1963 he served as Marketing Manager of Standard Oil Company of California, Western Operations, Inc., Los Angeles, California and from August, 1963 until November, 1963 he served as Executive Vice President of Standard Oil Company of British Columbia Limited.	Nov. 14th, 1963	280
J. WILLIS MORGAN of Toronto, Ontario is Vice President of The British American Oil Company Limited, whose principal business is an integrated oil company.	Nov. 12th, 1964	10

NAME BECAME DIRECTOR SHARES

LOUIS M. REAM, Jr. of Los Angeles, California is Executive Vice President of the Richfield Division of Atlantic Richfield Company, whose principal business is an integrated oil company, of which company he is also a director and has held these positions since January, 1966. From 1962 until 1965 he served as Vice President & General Manager of Finance and Accounting of The Atlantic Refining Company, Philadelphia, Pennsylvania, an integrated oil company, and in 1965 became Senior Vice President of the same Company, which office he held until January, 1966 when The Atlantic Refining Company merged with Richfield Oil Corporation and he was appointed to his present position.

April 6th, 1966

10

Selection of Director

ROBERT P. RITCHIE of Toronto, Ontario is Vice President of Transportation & Supplies of Shell Canada Limited, whose principal business is an integrated oil company.

Oct. 25th, 1960

2

- NOTES: (a) Unless otherwise stated above each of the above named persons has held the principal occupation or employment indicated for at least five years.  
(b) The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors individually.

#### Remuneration of Management and Others

(1) Aggregate direct remuneration paid or payable by the Company and its subsidiaries whose financial statements are consolidated with those of the Company, in 1967 to the directors and senior officers of the Company	\$134,112.00
(2) Estimated aggregate cost to the Company and its subsidiaries in 1967 of all pension benefits proposed to be paid under any normal pension plan in the event of retirement at normal retirement age, directly or indirectly, by the Company or any of its subsidiaries to directors and senior officers of the Company	\$ 8,690.00

#### Appointment of Auditors

THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE RE-APPOINTMENT OF MESSRS. PRICE WATERHOUSE & CO., CHARTERED ACCOUNTANTS, VANCOUVER, AS AUDITORS OF THE COMPANY, TO HOLD OFFICE UNTIL THE CLOSE OF THE NEXT ANNUAL MEETING OF SHAREHOLDERS AT A REMUNERATION TO BE FIXED BY THE BOARD OF DIRECTORS. Messrs. Price Waterhouse & Co. have been auditors of the Company for more than five years.

DATED at Vancouver, B.C., the 16th day of February, 1968.

TRANS MOUNTAIN OIL PIPE LINE COMPANY

By: J. H. McQuarrie, Secretary.